



Appeal Decision

Site visit made on 11 November 2020

by David Cross BA(Hons) PgDip(Dist) TechIOA MRTPI

an Inspector appointed by the Secretary of State

Decision date: 4 December 2020

Appeal Ref: APP/C9499/W/20/3257064

Kearton Country Hotel, Thwaite Village Street, Thwaite DL11 6DR.

- The appeal is made under section 78 of the Town and Country Planning Act 1990 against a refusal to grant planning permission.
 - The appeal is made by Mr & Mrs P & W Lyons against the decision of Yorkshire Dales National Park Authority.
 - The application Ref R/06/87S, dated 13 August 2019, was refused by notice dated 5 February 2020.
 - The development proposed is change of use of existing 12 bedroom hotel (C1) to form self-catered holiday accommodation (C3).
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Decision

1. The appeal is dismissed.

Preliminary Matter

2. A signed and completed Planning Obligation under Section 106 of the Town and Country Planning Act 1990 has been submitted in respect of the form of accommodation and the provision of a manager's residence. This Obligation meets the tests set out in paragraph 56 of the National Planning Policy Framework (the Framework) and I have proceeded to determine this appeal giving due consideration to the Obligation.

Main Issues

3. The Authority's third reason for refusal relates to the supervision and management of the proposed accommodation. However, the Authority accepts that the Obligation addresses its concerns on this matter. On that basis, the main issues are the effect of the proposal on:
 - Employment and the local economy; and
 - Community facilities.

Reasons

Employment and the Local Economy

4. Policy BE7 of the Authority's Local Plan 2016 (the Local Plan) seeks to prevent the loss of existing business land or buildings except in certain circumstances. The proposal would lead to the loss of the hotel business and other facilities within the site, although the Planning Obligation would ensure that commercial activity would be provided as self-contained holiday accommodation. The

supporting text for policy BE7 refers to the need to provide evidence to support the permanent loss of significant employment, which broadly reflects the Framework regarding supporting a prosperous rural economy.

5. The STEAM report¹ provided by the appellants indicates that the hotel employed the equivalent of 9 full time employees at the time of the report. Depending on the standard of self-catering accommodation provided, the STEAM report indicates that the proposal would provide up to 6 employees, made up of 4 direct employees and 2 indirect (figures rounded). However, the Authority queries whether the proposed self-catering accommodation would provide this degree of employment. A report prepared by Natural Land² on behalf of the Authority refers to a comparative example which typically has only 2.5 full time employees, which would be a significant reduction from the employment generated by the hotel.
6. The appellants' evidence is based on an impact analysis method which is used to track trends in visits and resultant economic outputs in National Parks and elsewhere. However, whilst the consultant who undertook this analysis may be an expert in this field, it is reasonable that evidence to support the predicted number of employees should be provided, such as a breakdown of employment based on the circumstances of the proposal. Self-catering accommodation is less labour intensive than a hotel, particularly as it is proposed that booking would be undertaken through a third party. Having regard to the appellants' limited supporting evidence on this matter, I consider that the concerns relating to the predicted number of jobs are well founded.
7. Policy BE7 of the Local Plan refers to the commercial viability of employment activity, and the appellants emphasise that 6 employees is 6 more than would be employed if the hotel was to close. The appellants have submitted a report by the chartered surveyors Fleurets³ which concludes that the property is not an opportunity or undertaking that is economically viable. However, I share the Authority's concerns that much of this report concentrates on the operation of the business as a public house. Whilst the property may represent a multi-faceted operation, the assessment of the business as a whole and particularly the accommodation offer is only set out in general terms and does not represent a robust demonstration regarding viability.
8. Notwithstanding the previous level of employment at the site, the appellants have confirmed that the property now operates as a bed and breakfast with 3 members of staff. However, the appellants accept that custom this year has been poor for obvious reasons. Within that context, the current level of employment at the site does not mean that employment could not return to its previous levels.
9. The supporting text for policy BE7 refers to market testing to demonstrate that the site has been exposed to sale or rent within its existing use class. This should include advertising the premises at a price which fairly reflects its value over a period of at least 6 months, in accordance with a procedure set out in the Local Plan. Whilst the property has been on the market since March 2018

¹ Comparative STEAM Model Economic Impact Analysis, Kearton Country Hotel, Thwaite. Global Tourism Solutions (UK) Ltd, June 2019.

² Report concerning the operation of and planning application for the change of use of the Kearton Country Hotel. Natural Land, 29 October 2019.

³ Report Concerning Economic Viability & Sustaining of Hotel Use. Fleurets, 12 April 2019.

with no offers received, this has not been undertaken in accordance with the Authority's procedure.

10. Furthermore, the Authority considers that the advertised price is excessive compared to similar businesses. The Authority has referred to 3 businesses which were sold for a price significantly less than the advertised price for the appeal property⁴. Even when expressed in terms of price per bedroom, 2 of these properties are priced significantly lower than the appeal business, and the Authority submits that the third (Burgoyne) offers accommodation of a significantly higher standard. Two other properties referred to by the appellants are based on the asking price, and it is therefore likely that the prices as sold will be lower. The evidence therefore suggests that the initial advertised asking price for the appeal property was too high.
11. Since September 2020 the appellants have advertised the hotel separately from the attached dwelling as suggested by the Authority and at a reduced price. However, having regard to the marketing procedure set out in the Local Plan, this is not a sufficient period of time to gauge market interest, particularly in the current uncertain economic climate. Therefore, despite the lack of interest on the basis of the reduced price, this does not represent effective evidence of a material lack of demand.
12. Evidence provided by the appellants shows that profits from the business have been falling in recent years. I am also mindful that the appellants have invested in the property, including improvements to the décor, equipment and accommodation. However, this does not demonstrate that the business is operating near its potential. The Natural Land report submitted by the Authority refers to the importance of a localised analysis to determine the market potential of the site, and goes on to make a number of suggestions to improve the existing operation. I acknowledge that the recommendations of the Natural Land report are to a degree speculative and not prepared by a chartered surveyor, but I consider that this report appropriately identifies weaknesses in the appellants' evidence regarding the ongoing viability of the business.
13. The Fleurets report identifies a number of pubs and guest houses in the area which it considers are better located to cater for community needs. However, the report does not provide a robust justification of why that is the case. From the evidence before me the appeal property has a good location to serve a number of important walking routes (including the Pennine Way and the Coast-to-Coast route) as well as local and passing custom. The list of alternative facilities in the area does not represent substantive evidence that the extent of competition would deter potential operators of the appeal property.
14. The displaced demand arising from the loss of the hotel accommodation and facilities at the appeal site may be picked up by businesses elsewhere. However, as is recognised in the STEAM report, this could be dispersed in such a way that individual businesses do not see sufficient change to necessitate recruitment of additional staff. It has not therefore been demonstrated that increases in employment elsewhere would compensate for the losses arising from the appeal proposal.

⁴ Simonstone Hall, Burgoyne and Keld Lodge

15. The appeal proposal would add to the mix of holiday accommodation in the area. The STEAM report refers to the comparative economic impact of self-catering accommodation compared to the existing hotel, although this is highly reliant on the standard of self-catering accommodation and there is no certainty that the proposal would meet the higher standard.
16. Drawing the above together, I conclude that the proposal would lead to a significant reduction in employment generated by the property with subsequent harm to the local economy. It has not been demonstrated that the site is no longer commercially viable for sustaining employment activity at the level of the currently permitted use. It would therefore conflict with policies SP1 and BE7 of the Local Plan in respect of safeguarding employment uses as well as maintaining the strength and vitality of the local economy. The proposal would also be contrary to the Framework in respect of supporting a prosperous local economy.

Community Facilities

17. The proposed change of use would result in the loss of the bar, restaurant and tea rooms currently provided at the property. Reference has also been made to the capability of the ground floor to serve as function rooms for weddings and parties, although the appellants emphasise conflicts with other elements of the business. Policy C9 of the Local Plan seeks to protect existing community facilities, and applications which would have an adverse impact on such facilities should be supported by evidence including matters of finance, business planning, options appraisals, marketing and community engagement.
18. As stated in relation to the previous main issue, I have concluded that the evidence regarding viability and marketing is not sufficiently robust. The supporting text for policy C9 also emphasises that the case for losing a facility must not revolve around the needs of the current owner/tenant, their chosen business model, or narrow consideration of operational models. Consideration should be given to the full range of potential uses or ways of operating a business or facility, in order to demonstrate that it is not workable in the long term. The appellants have not submitted substantive evidence that they have done this with regard to retaining the community facilities at the site.
19. No evidence of community engagement as required by policy C9 has been submitted by the appellants. Thwaite is a small village which has few facilities. Whilst the permanent resident population of the village may be limited, the value placed on the community facilities provided at the appeal site is evidenced by the comments made on the proposal.
20. As stated previously, the Fleurets report identifies a number of pubs and guest houses in the area which it considers are better located to cater for community needs. However, the appeal site is located in the centre of a small village and is therefore in a good position to serve permanent residents, occupants of holiday accommodation and visitors to the area. The other facilities referred to by the appellants are some distance away and people currently served by the appeal property would have to rely on the car to access them. I acknowledge that some existing users of the appeal premises would access the site by car, but this in itself does not justify the reliance on alternative sites further away from the area served by the extant business.

21. I conclude that the proposal would lead to the loss of community facilities without replacement or justification, contrary to policy C9 of the Local Plan. The proposal would also be contrary to the Framework in respect of the retention of accessible local services and community facilities.

Other Matters

22. The appeal site is within the Thwaite Conservation Area. The proposal includes the removal of modern extract ducts to the rear and side of the building which are of an unattractive utilitarian appearance. The proposal would therefore result in an enhancement to the character and appearance of the Conservation Area. However, even the great weight to be given to the conservation of this designated heritage asset would not be sufficient to outweigh the significant harm I have identified above and the conflict with planning policy.
23. The appellants refer to policy T3 of the Local Plan which relates to sustainable self-catering visitor accommodation, and they contend that the proposal would meet the criteria within that policy. However, the Authority states that this policy is not relevant as it relates to the provision of structures such as camping pods and shepherd huts. In any event, I consider that the proposal would not represent sustainable self-catering accommodation due to the identified impacts on employment and community facilities.

Conclusion

24. For the reasons given above, I conclude that the appeal should be dismissed.

David Cross

INSPECTOR